

**ND PUBLIC EMPLOYEES RETIREMENT SYSTEM  
INVESTMENT PERFORMANCE REPORT AS OF JULY 31, 2007**

	July-07				Current	Prior Year	3 Years	5 Years
	Market Value	Allocation	Month	Net ROR	Fiscal YTD	FY07	Ended	Ended
		Actual	Policy	Net ROR	Net ROR	Net ROR	6/30/2007	6/30/2007
<b>LARGE CAP DOMESTIC EQUITY</b>								
<i>Structured Growth</i>								
LA Capital	75,183,401	3.9%	4.1%	-3.21%	-3.21%	21.75%	13.79%	N/A
<b>Total Structured Growth</b>	<b>75,183,401</b>	<b>3.9%</b>	<b>4.1%</b>	<b>-3.21%</b>	<b>-3.21%</b>	<b>21.75%</b>	<b>13.79%</b>	<b>11.59%</b>
<i>Russell 1000 Growth</i>				-1.55%	-1.55%	19.04%	8.70%	9.28%
<i>Structured Value</i>								
LSV	84,928,890	4.4%	4.5%	-4.79%	-4.79%	23.29%	19.11%	16.46%
<i>Russell 1000 Value</i>				-4.62%	-4.62%	21.87%	15.93%	13.31%
<i>Enhanced Russell 1000 Index</i>								
LA Capital	78,789,555	4.1%	4.2%	-3.82%	-3.82%	20.43%	13.31%	11.77%
<i>Russell 1000</i>				-3.09%	-3.09%	20.43%	12.34%	11.33%
<i>Enhanced S&amp;P 500 Index</i>								
Northern Trust	71,461,720	3.7%	3.9%	-3.90%	-3.90%	19.26%	11.40%	10.53%
Westridge	92,968,931	4.9%	3.9%	-1.62%	-1.62%	21.05%	12.00%	11.00%
Wells Capital	60,003,054	3.1%	3.0%	-4.75%	-4.75%	30.71%	N/A	N/A
Franklin	53,217,267	2.8%	3.0%	-4.38%	-4.38%	N/A	N/A	N/A
<b>Total Enhanced S&amp;P 500 Index</b>	<b>277,650,972</b>	<b>11.7%</b>	<b>13.8%</b>	<b>-3.43%</b>	<b>-3.43%</b>	<b>21.56%</b>	<b>11.94%</b>	<b>11.24%</b>
<i>S&amp;P 500</i>				-3.10%	-3.10%	20.59%	11.68%	10.71%
<i>Absolute Return Strategy</i>								
Epoch	15,003,811	0.8%	1.4%	N/A	N/A	N/A	N/A	N/A
<i>S&amp;P 500</i>				-3.10%	-3.10%			
<i>S&amp;P 500 Index</i>								
State Street	37,153,367	1.9%	2.1%	-4.08%	-4.08%	21.86%	12.41%	11.15%
<i>S&amp;P 500</i>				-3.10%	-3.10%	20.59%	11.68%	10.71%
<b>TOTAL LARGE CAP DOMESTIC EQUITY</b>	<b>568,709,996</b>	<b>29.7%</b>	<b>30.0%</b>	<b>-3.70%</b>	<b>-3.70%</b>	<b>21.66%</b>	<b>13.61%</b>	<b>12.15%</b>
<i>S&amp;P 500</i>				-3.10%	-3.10%	20.59%	11.68%	10.71%
<b>SMALL CAP DOMESTIC EQUITY</b>								
<i>Manager-of-Managers</i>								
SEI	132,726,491	6.9%	7.2%	-7.14%	-7.14%	17.13%	13.31%	14.32%
<i>Russell 2000 + 200bp</i>				-6.67%	-6.67%	18.76%	15.72%	16.16%
<i>Callan</i>								
Russell 2000	54,476,805	2.8%	2.8%	-5.30%	-5.30%	21.00%	N/A	N/A
<i>Russell 2000</i>				-6.84%	-6.84%	16.44%		
<b>TOTAL SMALL CAP DOMESTIC EQUITY</b>	<b>187,203,296</b>	<b>9.8%</b>	<b>10.0%</b>	<b>-6.60%</b>	<b>-6.60%</b>	<b>17.89%</b>	<b>13.50%</b>	<b>14.44%</b>
<i>Russell 2000</i>				-6.84%	-6.84%	16.44%	13.45%	13.88%
<b>INTERNATIONAL EQUITY</b>								
<i>Large Cap - Core</i>								
State Street	19,121,452	1.0%	1.0%	-1.25%	-1.25%	27.82%	20.73%	15.09%
<i>MSCI EAFE (1)</i>				-1.47%	-1.47%	27.00%	20.77%	14.70%
<i>Large Cap - Active</i>								
Capital Guardian	58,077,963	3.0%	3.0%	-1.97%	-1.97%	26.04%	21.52%	14.83%
LSV	57,728,755	3.0%	3.0%	-1.92%	-1.92%	29.94%	N/A	N/A
Bank of Ireland	19,331,546	1.0%	1.0%	-1.49%	-1.49%	25.29%	19.70%	13.72%
<b>Total Large Cap - Active</b>	<b>135,138,264</b>	<b>7.1%</b>	<b>7.0%</b>	<b>-1.88%</b>	<b>-1.88%</b>	<b>27.58%</b>	<b>22.64%</b>	<b>15.45%</b>
<i>MSCI EAFE - 50% Hedged</i>				-2.31%	-2.31%	26.94%	22.55%	15.71%
<i>Small Cap - Active</i>								
Lazard	18,923,320	1.0%	1.0%	0.24%	0.24%	24.18%	22.99%	21.28%
Wellington	19,664,824	1.0%	1.0%	0.13%	0.13%	26.62%	20.49%	21.40%
<b>Total Small Cap - Active</b>	<b>38,588,145</b>	<b>2.0%</b>	<b>2.0%</b>	<b>0.18%</b>	<b>0.18%</b>	<b>25.39%</b>	<b>21.75%</b>	<b>21.34%</b>
<i>Citigroup Broad Market Index &lt; \$2BN</i>				1.20%	1.20%	28.60%	26.33%	25.39%
<b>TOTAL INTERNATIONAL EQUITY</b>	<b>192,847,861</b>	<b>10.1%</b>	<b>10.0%</b>	<b>-1.41%</b>	<b>-1.41%</b>	<b>27.21%</b>	<b>22.14%</b>	<b>16.66%</b>
<i>MSCI EAFE - 50% Hedged</i>				-2.31%	-2.31%	26.94%	22.55%	15.71%
<b>EMERGING MARKETS EQUITY</b>								
<i>Core</i>								
JP Morgan	19,964,811	1.0%	0.9%	2.34%	2.34%	46.07%	N/A	N/A
PanAgora	19,947,870	1.0%	0.9%	6.13%	6.13%	46.34%	N/A	N/A
WestLB	20,077,106	1.0%	0.9%	6.60%	6.60%	42.11%	N/A	N/A
UBS	34,204,339	1.8%	1.5%	3.44%	3.44%	42.04%	N/A	N/A
<b>Total Core</b>	<b>94,194,125</b>	<b>4.9%</b>	<b>4.1%</b>	<b>4.42%</b>	<b>4.42%</b>	<b>43.90%</b>	<b>37.74%</b>	<b>29.07%</b>
<i>MSCI Emerging Markets</i>				5.33%	5.33%	45.45%	38.67%	21.67%
<i>Small Cap</i>								
DFA	22,325,438	1.2%	1.0%	4.80%	4.80%	68.14%	N/A	N/A
<i>MSCI Emerging Markets</i>				5.33%	5.33%	45.45%		
<b>TOTAL EMERGING MARKETS EQUITY</b>	<b>116,519,563</b>	<b>6.1%</b>	<b>5.0%</b>	<b>4.49%</b>	<b>4.49%</b>	<b>48.23%</b>	<b>38.70%</b>	<b>29.61%</b>
<i>MSCI Emerging Markets</i>				5.33%	5.33%	45.45%	38.67%	30.66%
<b>DOMESTIC FIXED INCOME</b>								
<i>Core Bond</i>								
Western Asset	50,884,255	2.7%	2.6%	0.35%	0.35%	7.00%	4.29%	5.59%
<i>Lehman Aggregate</i>				0.83%	0.83%	6.12%	3.98%	4.48%
<i>Index</i>								
Bank of ND	91,242,063	4.8%	6.0%	1.07%	1.07%	5.69%	3.78%	4.49%
<b>Total Index</b>	<b>91,242,063</b>	<b>4.8%</b>	<b>6.0%</b>	<b>1.07%</b>	<b>1.07%</b>	<b>5.69%</b>	<b>3.92%</b>	<b>4.50%</b>
<i>Lehman Gov/Credit</i>				1.00%	1.00%	6.00%	3.84%	4.69%
<i>Convertibles</i>								
Calamos (2)	52,157,242	2.7%	2.6%	-2.22%	-2.22%	N/A	N/A	N/A
<b>Total Convertibles</b>	<b>52,157,242</b>	<b>2.7%</b>	<b>2.6%</b>	<b>-2.22%</b>	<b>-2.22%</b>	<b>12.55%</b>	<b>5.57%</b>	<b>3.31%</b>
<i>Merrill Lynch All Convertibles (3)</i>				-2.40%	-2.40%	15.38%	8.30%	10.89%
<i>BBB Average Quality</i>								
Wells Capital	50,490,271	2.6%	2.6%	-0.14%	-0.14%	9.12%	5.96%	6.71%
<i>Lehman BBB</i>				-0.06%	-0.06%	7.54%	4.47%	6.43%

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		Actual	Policy	Net ROR	Net ROR	Net ROR	6/30/2007	6/30/2007
<b>Private Debt</b>								
<b>Prudential</b>	<b>51,299,087</b>	<b>2.7%</b>	<b>2.6%</b>	<b>0.62%</b>	<b>0.62%</b>	<b>7.16%</b>	<b>N/A</b>	<b>N/A</b>
Lehman Aggregate				0.83%	0.83%	6.12%		
<b>Timberland</b>								
TIR - Teredo (4)	40,149,613	2.1%	2.1%	-0.06%	-0.06%	26.95%	12.73%	12.23%
TIR - Springbank	85,003,981	4.4%	4.4%	-0.02%	-0.02%	26.90%	N/A	N/A
<b>Total Timberland</b>	<b>125,153,594</b>	<b>6.5%</b>	<b>6.5%</b>	<b>-0.04%</b>	<b>-0.04%</b>	<b>27.33%</b>	<b>26.21%</b>	<b>20.09%</b>
NCREIF Timberland Index				0.76%	0.76%	11.89%	15.17%	11.37%
<b>Infrastructure</b>								
<b>JP Morgan</b>	<b>21,032,780</b>	<b>1.1%</b>	<b>1.1%</b>	<b>-1.03%</b>	<b>-1.03%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>TOTAL DOMESTIC FIXED INCOME</b>	<b>442,259,293</b>	<b>23.1%</b>	<b>24.0%</b>	<b>0.03%</b>	<b>0.03%</b>	<b>12.52%</b>	<b>11.43%</b>	<b>10.17%</b>
Lehman Aggregate				0.83%	0.83%	6.12%	3.98%	4.48%
<b>HIGH YIELD BONDS</b>								
<b>Core</b>								
Loomis Sayles	45,487,181	2.4%	2.4%	-3.40%	-3.40%	13.37%	11.25%	N/A
Sutter/Wells Capital	45,558,970	2.4%	2.4%	-7.54%	-7.54%	9.82%	8.02%	N/A
<b>Total Core</b>	<b>91,046,151</b>	<b>4.8%</b>	<b>4.7%</b>	<b>-5.44%</b>	<b>-5.44%</b>	<b>11.59%</b>	<b>9.63%</b>	<b>5.67%</b>
LB High Yield 2% Issuer Contstrained Index				-3.48%	-3.48%	11.22%	8.70%	N/A
<b>Mezzanine Debt</b>								
Goldman Sachs	2,221,766	0.1%	0.1%	-0.14%	-0.14%	7.39%	N/A	N/A
TCW	3,323,854	0.2%	0.2%	N/A	N/A	N/A	N/A	N/A
<b>Total Mezzanine Debt</b>	<b>5,545,620</b>	<b>0.3%</b>	<b>0.3%</b>	<b>-0.14%</b>	<b>-0.14%</b>	<b>7.39%</b>	<b>N/A</b>	<b>N/A</b>
LB High Yield 2% Issuer Contstrained Index				-3.48%	-3.48%	11.22%		
<b>TOTAL HIGH YIELD BONDS</b>	<b>96,591,771</b>	<b>5.0%</b>	<b>5.0%</b>	<b>-5.37%</b>	<b>-5.37%</b>	<b>11.62%</b>	<b>9.64%</b>	<b>11.24%</b>
LB High Yield 2% Issuer Contstrained Index				-3.48%	-3.48%	11.22%	8.77%	11.75%
<b>INTERNATIONAL FIXED INCOME</b>								
<b>International Sovereign</b>								
<b>UBS Global (Brinson)</b>	<b>42,553,770</b>	<b>2.2%</b>	<b>2.5%</b>	<b>3.18%</b>	<b>3.18%</b>	<b>0.21%</b>	<b>2.69%</b>	<b>6.66%</b>
Citigroup Non-US Gov't Bond Index (5)				3.31%	3.31%	2.22%	3.23%	6.89%
<b>International Core</b>								
<b>Brandywine</b>	<b>44,119,438</b>	<b>2.3%</b>	<b>2.5%</b>	<b>1.59%</b>	<b>1.59%</b>	<b>6.63%</b>	<b>7.38%</b>	<b>N/A</b>
Lehman Global Aggregate (ex-US)				2.79%	2.79%	3.78%	5.22%	N/A
<b>TOTAL INTERNATIONAL FIXED INCOME</b>	<b>86,673,208</b>	<b>4.5%</b>	<b>5.0%</b>	<b>2.36%</b>	<b>2.36%</b>	<b>3.41%</b>	<b>5.03%</b>	<b>8.23%</b>
Citigroup Non-US Gov't Bond Index (5)				3.31%	3.31%	2.22%	3.27%	6.92%
<b>REAL ESTATE</b>								
INVESCO	50,053,235			-0.04%	-0.04%	14.44%	20.09%	14.86%
J.P. Morgan Strategic & Special Funds	51,860,631			-0.09%	-0.09%	19.72%	20.09%	15.71%
J.P. Morgan Alternative Property Fund	12,210,061			-0.33%	-0.33%	6.70%	N/A	N/A
<b>TOTAL REAL ESTATE</b>	<b>114,123,927</b>	<b>6.0%</b>	<b>5.0%</b>	<b>-0.09%</b>	<b>-0.09%</b>	<b>15.47%</b>	<b>19.41%</b>	<b>14.88%</b>
NCREIF TOTAL INDEX				1.51%	1.51%	17.24%	17.83%	14.30%
<b>ALTERNATIVE INVESTMENTS</b>								
Brinson IVCF II	99,987			0.00%	0.00%	31.73%	17.69%	12.50%
Coral Partners II	79,860			0.00%	0.00%	-0.22%	1.54%	5.72%
Coral Partners V	3,354,924			0.00%	0.00%	-1.78%	-4.71%	-14.30%
Coral Partners V - Supplemental	475,305			0.00%	0.00%	8.49%	3.75%	0.86%
Coral Momentum Fund (Formerly Fund VI)	11,278,242			0.00%	0.00%	-16.26%	-8.10%	N/A
Brinson 1998 Partnership Fund	772,014			0.00%	0.00%	31.02%	22.24%	11.25%
Brinson 1999 Partnership Fund	1,957,631			0.00%	0.00%	19.95%	14.43%	7.53%
Brinson 2000 Partnership Fund	5,379,645			0.00%	0.00%	13.52%	18.72%	9.86%
Brinson 2001 Partnership Fund	4,481,848			0.00%	0.00%	15.81%	13.02%	7.67%
Brinson 2002 Partnership Fund	2,520,124			0.00%	0.00%	11.10%	12.11%	11.95%
Brinson 2003 Partnership Fund	848,890			0.00%	0.00%	34.38%	19.70%	N/A
Total Brinson Partnership Funds	15,960,152			0.00%	0.00%	16.34%	16.34%	10.08%
Brinson 1999 Non-US Partnership Fund	1,039,712			0.00%	0.00%	111.26%	57.67%	39.95%
Brinson 2000 Non-US Partnership Fund	2,032,991			0.00%	0.00%	55.10%	34.26%	25.05%
Brinson 2001 Non-US Partnership Fund	1,553,082			0.00%	0.00%	7.81%	14.42%	11.71%
Brinson 2002 Non-US Partnership Fund	3,131,170			0.00%	0.00%	88.98%	43.24%	29.72%
Brinson 2003 Non-US Partnership Fund	2,752,293			0.00%	0.00%	76.59%	33.38%	N/A
Brinson 2004 Non-US Partnership Fund	1,037,421			0.00%	0.00%	23.98%	15.75%	N/A
Total Brinson Non-US Partnership Fund	11,546,668			0.00%	0.00%	62.33%	35.68%	25.84%
Brinson BVCF IV	9,347,324			0.00%	0.00%	-3.23%	10.47%	6.87%
Adams Street Direct Co-investment Fund	4,633,808			0.00%	0.00%	N/A	N/A	N/A
Matlin Patterson Global Opportunities	7,174,144			0.00%	0.00%	10.95%	25.72%	N/A
Matlin Patterson Global Opportunities II	15,517,737			0.00%	0.00%	37.09%	N/A	N/A
Matlin Patterson Global Opportunities III	393,491			0.00%	0.00%	N/A	N/A	N/A
InvestAmerica	2,692,392			0.00%	0.00%	13.96%	-2.58%	-5.68%
Hearststone MSII	0			0.00%	0.00%	-95.85%	-100.00%	-100.00%
Hearststone MSIII	1,447,395			0.00%	0.00%	208.65%	79.05%	N/A
Corsair III	1,959,815			0.00%	0.00%	N/A	N/A	N/A
Quantum Resources	1,942,834			0.00%	0.00%	N/A	N/A	N/A
Quantum Energy Partners	446,868			0.00%	0.00%	N/A	N/A	N/A
<b>TOTAL ALTERNATIVE INVESTMENTS (6)</b>	<b>88,350,948</b>	<b>4.6%</b>	<b>5.0%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>16.83%</b>	<b>15.02%</b>	<b>7.25%</b>
<b>CASH EQUIVALENTS</b>								
<b>Northern Trust STIF/STEP</b>	<b>20,324,815</b>	<b>1.1%</b>	<b>1.0%</b>	<b>0.33%</b>	<b>0.33%</b>	<b>5.25%</b>	<b>3.91%</b>	<b>3.00%</b>
90 Day T-Bill				0.39%	0.39%	5.21%	3.78%	2.76%
<b>TOTAL FUND</b>	<b>1,913,604,679</b>	<b>100.0%</b>	<b>100.0%</b>	<b>-1.86%</b>	<b>-1.86%</b>	<b>18.95%</b>	<b>14.97%</b>	<b>13.33%</b>
<b>POLICY TARGET BENCHMARK</b>				<b>-1.31%</b>	<b>-1.31%</b>	<b>16.45%</b>	<b>12.29%</b>	<b>11.20%</b>

**NOTE: Monthly returns and market values are preliminary and subject to change.**

(1) This benchmark was changed to the MSCI EAFE (unhedged) as of December 1, 2004.

(2) TCW was terminated on September 22, 2006. The portfolio was transferred to Calamos on October 5, 2006.

(3) Prior to January 1, 2005, the benchmark was the First Boston Convertible Index.

(4) Prior to June 1, 2006, the Toledo properties were under the management of RMK.

(5) Previously this benchmark was titled Salomon Brothers Non-US Gov't Bond Index.

(6) Because of the variation in fee calculations in Alternative Investments, only net returns will be shown until June of each year when actual